

THE FINANCE COMMISSION

OF THE

CITY OF BOSTON

REPORT TO THE LEGISLATURE FOR THE
YEAR ENDING DECEMBER 31, 1939



CITY OF BOSTON
PRINTING DEPARTMENT
1940

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REPORT TO THE LEGISLATURE.

BOSTON, January 31, 1940.

*To the Honorable the Senate and House of Representatives
in General Court Assembled.*

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission of the City of Boston submits its annual report for the year 1939.

I. ORGANIZATION OF THE COMMISSION.

During the past year there have been two changes in the membership of the Commission. On October 11, 1939, Governor Leverett Saltonstall appointed Mr. Charles M. Storey to succeed Mr. Joseph A. Scolponeti who had served from January 15, 1936. On October 23, 1939, Mr. Storey took the oath of office and was designated to serve as Chairman. On December 13, 1939, the Governor appointed Mr. Elias F. Shamon to the place left vacant by the resignation of Mr. Robert Robinson who had served from November 13, 1935, until December 5, 1939.

II. APPROPRIATION AND EXPENDITURES.

The city government appropriated for the Commission for the year 1939 the full amount authorized by statute, \$50,000. The expenditures from this appropriation amounted to \$49,462.90, leaving an unexpended balance of appropriation of \$537.10.

The classification of the Commission's expenditures follows:

| | |
|--|--------------------|
| Permanent employees | \$32,650 00 |
| Printing and binding | 502 37 |
| Transportation of persons | 50 14 |
| Light and power | 118 43 |
| Rent | 5,111 25 |
| Communication | 408 56 |
| Cleaning | 72 00 |
| Fees | 20 00 |
| Miscellaneous items and repairs | 32 85 |
| Office equipment | 40 00 |
| Library equipment | 78 00 |
| Office supplies | 593 74 |
| Ice | 45 00 |
| Miscellaneous supplies | 11 75 |
| Electrical supplies | 2 14 |
| Hire of experts, etc., in special investigations | 9,726 67 |
| <hr/> | |
| Total expended | <u>\$49,462 90</u> |
| <hr/> | |
| Amount appropriated | \$50,000 00 |
| Amount expended | 49,462 90 |
| <hr/> | |
| Balance unexpended | <u>\$537 10</u> |

III. THE FINANCIAL CONDITION OF THE CITY.

The improvement which began in 1938 in certain items of the financial condition of the City continued in 1939. Maintenance expenses were again reduced, the outstanding debt obligations continued to reach lower levels, and the water service surplus was substantially increased.

On the other hand, total valuations of property for tax purposes continued to show decline, particularly real estate valuations. Collections of the 1939 levy were less than in the previous year, both in dollars and in percentage.

The Boston tax rate retained the lofty eminence, in comparison with other large cities, which it has occupied for many years. It is the highest among the large cities.

1. MAINTENANCE EXPENDITURES.

Although the available figures of actual expenditure in city departments under the control of the Mayor and in those few others for which he must likewise make appropriation may be slightly altered later by adjustments not yet made, the following totals may be accepted as approximately the final result:

| | 1938. | 1939. |
|--|-----------------|-----------------|
| Total maintenance expenditures..... | \$39,787,509 79 | \$40,270,840 23 |
| Welfare expenditures..... | 12,919,491 74 | 13,895,799 97 |
| Maintenance, exclusive of Welfare..... | \$26,868,018 05 | \$26,375,040 26 |

Exclusive of Welfare, therefore, the Mayor has again reduced maintenance cost, the amount this time being \$492,978.

The following table indicates the detail of the figures shown in the foregoing table under the welfare item:

| | 1938. | 1939. |
|-------------------------------------|-----------------|-----------------|
| Public Welfare, Central Office..... | \$10,383,928 34 | \$11,218,805 12 |
| Temporary Home..... | 10,178 42 | 9,608 80 |
| Wayfarers' Lodge..... | 16,116 67 | 14,374 32 |
| Child Welfare Division..... | 352,154 45 | 349,038 70 |
| Soldiers' Relief Department..... | 697,711 20 | 716,757 69 |
| W. P. A. (City Departments)..... | 1,459,402 66 | 1,587,215 34 |
| | \$12,919,491 74 | \$13,895,799 97 |

The cost of the educational system was also reduced in 1939, as may be seen from this comparison:

| | 1938. | 1939. |
|-------------------------------|-----------------|-----------------|
| Total school maintenance..... | \$16,712,649 30 | \$16,505,426 87 |

The reduction amounted to \$207,223.

Unlike the situation in respect to city and school maintenance, the county expenditure was greater in 1939 than in 1938. This was due in large part to the fact that the 1939 total includes the cost for a full year of the operation of the expensive court house addition. The 1938 expenditures covered the cost for only a few months.

The comparison of the totals for the last two years follows:

| | 1938. | 1939. |
|-------------------------|----------------|----------------|
| County maintenance..... | \$3,583,795 70 | \$3,724,485 32 |

The increase amounted to \$140,690.

2. TAX COLLECTIONS.

The total of the tax levy in 1939 was less than was the levy of 1938, viz., 1938, \$64,031,829.75; 1939, \$60,839,759.40. Collection in percentage was approximately one-third of one per cent less, being 77.460 per cent in 1938 and 77.102 per cent in 1939; in dollars, it was \$2,740,790 less, being \$50,059,439.16 in 1938 and \$47,318,649.25 in 1939.

The temporary inability of the City to collect any of the 1939 assessment against the South Station, the Old Colony Railroad and the Boston & Providence Railroad — \$455,235.06 — more than accounted for the percentage difference. Had these railroad taxes been paid, the per cent of collection would have been increased by approximately one-half of one per cent over the previous year.

The amount collected, in dollars, would still have been less in 1939 had the same percentage of collection been reached, because the total of the levy was less. This difference was accentuated by the cash abatements of 1939 assessments granted to December 31 — \$357,305.48. These abatements brought the amount receivable in 1939 to a total lower than was the original levy.

Previous to 1930, the percentage of the taxes of any year which were actually collected in that year was approximately 85 per cent.

3. PROPERTY VALUATIONS.

The 1938 tax rate was computed upon a total property valuation of \$1,550,407,500. The 1939 tax rate was computed upon a total property valuation of \$1,524,806,400, a net decrease of \$25,601,100.

Of special interest is the fact that the reduction in the valuation of real estate was greater than the reduction of total valuation. Real estate valuations had fallen off, at tax rate computation time in 1939, a total of \$35,428,200 from the figure of the corresponding time in 1938. A complete comparison follows:

| | 1938. | 1939. | |
|----------------------------------|-----------------|-----------------|-------------------------|
| Real estate valuation..... | \$1,437,589,900 | \$1,402,161,700 | \$35,428,200 reduction. |
| Personal property valuation..... | \$112,817,600 | \$122,644,300 | \$9,826,700 increase. |

After the declaration of the rate in 1939, abatements of property valuation amounted to approximately \$9,000,000. This left total property valuation December 31, 1939, at approximately \$1,515,806,400.

A further reduction of valuations is still sought by many taxpayers and in large total amounts. It is obvious, therefore, that the downward trend will continue since there appears to be little prospect of any great offset caused by new construction. New construction authorized by permit from the Building Department, according to the values as given in applications, amounted to \$13,303,388 in 1939, as against \$6,268,009 in 1938. Yet the value of new construction as given in applications for building permits in the last previous era of prosperity was normally above \$40,000,000 annually.

4. CITY DEBT.

There is more consolation in the debt picture. Outstanding obligations as of December 31 were:

| | 1938. | 1939. | Reduction. |
|----------------------|---------------|---------------|-------------|
| Net bonded debt..... | \$132,990,717 | \$131,425,837 | \$1,564,880 |
| Tax notes..... | 14,000,000 | 12,500,000 | 1,500,000 |
| Tax title loans..... | 8,863,065 | 7,627,051 | 1,236,014 |
| Total..... | \$155,853,782 | \$151,552,888 | \$4,300,894 |

Since the amount of the outstanding debt of any municipality and its relation to the property valuation, and the trend whether toward higher or lower figures, are of great importance in credit rating, this 1939 reduction, following as it did substantial reduction in 1938, will offset, in any comparison of the finances of the large cities, the unfavorable impression of Boston's financial condition caused by comparison only of tax rates. Without seeming to encourage a high tax rate, it is pertinent to record the opinion that a high rate and a low debt is preferable to a low rate and a high debt.

There is a little consolation also furnished by the better condition of the Water Division surplus and by the reduction in the East Boston tunnel deficit. The figures follow:

| | 1938. | 1939. | Over. |
|---------------------|--------------|--------------|--------------|
| Water surplus..... | \$654,998 45 | \$866,683 12 | \$211,684 67 |
| Tunnel deficit..... | 437,868 91 | 365,045 11 | * 72,823 30 |

* Reduction.

The Water Division surplus may be used for the retirement of any city debt if there is no outstanding water debt payment due. There happens to be a payment of \$100,000 on water debt to be provided in 1940,

which leaves approximately \$700,000 of the water surplus available for general city debt requirements.

The reduction in the tunnel deficit does not reflect substantially greater use of this public facility. Fifty thousand dollars is accounted for by new legislation which authorized a contribution from the Commonwealth of that amount.

The prospect of further immediate improvement in the debt situation is somewhat dimmed by the fact that the City in 1939 issued new serial debt to the amount of \$8,020,000, the first payments on which in 1940 will be greater in total than was the amount of serial debt upon which payment was completed in 1939.

An analysis of the serial debt issues of 1939 and their effect on the debt situation in 1940 follows:

| PURPOSE OF SERIAL DEBT. | Amount Issued in 1939. | Term of Debt. | 1940 Serial Payment. |
|---------------------------------------|------------------------------|------------------|----------------------------|
| Excess State Tax Funding..... | \$1,500,000 | 5 years | \$300,000 |
| Overlay Reserve..... | 1,000,000 | 15 years | 67,000 |
| P. W. A..... | 345,000 | 20 years | 19,000 |
| Highways, Making of..... | 100,000 | 20 years | 5,000 |
| Sewerage Works..... | 120,000 | 30 years | 4,000 |
| New Fire Stations..... | 50,000 | 20 years | 3,000 |
| Total..... | \$3,115,000 | | \$398,000 |
| Serial Debt Extinguished in 1939..... | | | 190,000 |
| Net Requirement Increase in 1940..... | | | \$208,000 |
| WELFARE. | | | |
| Municipal Relief..... | \$4,905,000 | 10 years | 490,500 |
| Net Increase in prospect..... | | | \$698,500 |

By this analysis it may be seen that the gain by the extinguishment of a particular amount of serial debt in 1939 is lost by reason of the fact that in the same year new debt was issued, payment of which in 1940 will be in an amount larger than was the amount required in 1939 for the extinguished debt.

IV. WORK OF THE COMMISSION IN 1939.

The work of the Commission in the past year related to a great variety of subjects which are susceptible of classification as follows:

1. Subjects investigated upon which formal reports have been or are to be made;
2. Inspection of the routine work of several departments.

In the first named class were matters such as the Boston Elevated Railway Company inquiry, an effort to seek means of eliminating the necessity for extraction from Boston taxpayers of large sums annually to meet a company deficit; the Atlantic avenue elevated structure controversy, where the Finance Commission had the double objective of blocking payment by the City of a large sum of money for the right to remove the abandoned structure from the highway, and of preventing expenditure of several million dollars on transmutation of the structure into an elevated highway; the effort to prevent the issuance of an order by the War Department which would compel the City either to eliminate the Meridian Street Bridge in East Boston or to erect a new bridge at a cost of \$3,000,000, with the possibility of still greater expenditure on other bridges; the exposure of collusion among contractors designed to fix the price for bituminous mixture paving; the exposure of "ambulance chasing" at the City Hospital; the necessity for revision of the courses of study and the assignments of the student nurses at the hospital; the advocacy of the establishment of a perpetual inventory system for all city and county departments; the proposal to transfer the custody of Deer Island House of Correction to the Commonwealth; the opposition to the plan to spend \$75,000 or more on an expensive decorative pavement on American Legion Highway.

In the second class were inspection and investigation of the work, methods and costs of maintenance and

construction in the various branches of the Public Works Department, the Park Department, the Institutional Departments and the Supply Department. Information produced by this work was occasionally brought to the Mayor's attention in conferences, and/or to the attention of the heads of the departments involved.

In all its relations with the Mayor and department heads the Commission continued to find the same degree of cooperation for which the Commission expressed appreciation in its last annual report.

In the following section of this report, it is the aim of the Commission to make comment particularly on the results, or lack of results, of particular efforts of the Commission and to give information not elsewhere disclosed relating to much of the work and the problems of the city departments. Incidentally, it will give an idea of the extent to which municipal administration has been dependent on W. P. A. and P. W. A. as well as reveal the wide scope of the Commission's activities.

1. BOSTON ELEVATED RAILWAY INQUIRY.

The interest of the general public in the financial affairs of the Boston Elevated Railway Company has grown to great proportions in recent years. Apparently it becomes greater each succeeding year.

When the company was operated as a private transportation corporation and gave service as required by the public at a low fare, the interest of the people was confined almost entirely to the quality of the service rendered. The fare was five cents and patrons of the service paid it with less reluctance than they paid taxes, because the service was necessary and the rate charged was small. The quality had to reach a low degree of efficiency before the general public, in any large numbers, became greatly agitated over it.

Wages, dividends, purchase and cost of equipment, plant upkeep, financing expense and the many other items which go into the daily considerations of those who operate a large corporation gave the average man

little concern. Worry as to whether or not the executives could match the payments for service with the receipts was only a company worry. Whether or not the investors in the corporation got their money back or got dividends was something for the stockholders and bondholders to think about.

The average man approved when the company employed more help, paid higher wages, or improved its facilities. It never occurred to him that it was any of his business to inquire or become interested in anything but the actual service available. Yet in the days of private operation almost all the residents of Metropolitan Boston were more or less dependent on the service rendered by the company.

The first change in the attitude of the public came when the reports of the company about the years 1916, 1917 and 1918 revealed the weak financial standing of the corporation. The company had exhausted its credit; its equipment was nearing the point where replacement was necessary and there was no new capital obtainable for replacement; and maintenance and operating costs were steadily increasing. The company was continuing to pay dividends; but, in order to do so, it had wiped out its reserves.

The company enjoyed a monopoly in the furnishing of electric transportation within Boston limits and in making Boston Proper accessible to many of the adjoining municipalities. If the company were forced to discontinue, in whole or in large part, ordinary living conditions of the people of Boston and their neighbors would be seriously affected, Boston being the workshop of a large percentage of the people of the entire metropolitan area.

Under these conditions, with the commercial life of Boston threatened with serious dislocation and when complete stoppage of regular means of transportation in Boston and between Boston and the City's neighbors would spell disaster, the Legislature came to the company's rescue. By surrendering control of the opera-

tion of the system to a public body, the company obtained the use of state credit and of taxpayers' money when necessary, which guaranteed continuation of dividends to the stockholders, gave security to the bondholders, and removed the fear of loss of wages from a large number of employees. More important still, it guaranteed to the people of the metropolitan area a continuation of transportation service. The fear of disaster to the City's commercial life was dispelled.

The Boston Elevated Railway Company was saved from extinction by the action of the Legislature. Under public management, the transportation system it operates has been made one of the best, in point of equipment and service, of any railroad in the country.

The people soon began to learn at what cost Boston and the Boston Elevated Railway Company were saved. Fares were increased, eventually to 10 cents from the customary nickel. This affected all car-riders whether they were property owners or not, and to many the payment of an increased fare became a burdensome item in their weekly budget. To property owners in the Metropolitan Transit District (fourteen municipalities served by the Boston Elevated Railway Company) it meant extra taxes, for the agreement between the Company and the State contained a provision that if ordinary receipts from the service did not provide enough to pay the cost of operation and dividends, the excess had to be assessed upon the taxpayers in the municipalities served.

To these two factors, more than to anything else, may be attributed the yearly growth in the interest of the average man in Boston Elevated Railway affairs.

The fact that even with a 10-cent fare and increased patronage the public trustees must still call upon the municipalities, through state offices, to help meet the cost is beyond the understanding of many people. It has provoked criticism, however unjustifiable, of the public trustees, of the stockholders, and, in fact, of

everyone who has any connection with the company, or whose duties include responsibility for checking or meeting company demands.

It is a mistake to believe as some do that the criticism of the company comes entirely from so-called chronic faultfinders, disappointed office-seekers, or discharged employees of the company. For many years those connected with the Finance Commission have been frequently asked, "Why don't you investigate the Boston Elevated Railway Company?" Those who have asked this question have come from many walks in life. They include both rich and poor, eminent and humble, and persons from the many different levels in between.

The question, therefore, as to whether or not the Finance Commission should undertake an investigation of the Boston Elevated Railway Company affairs has been debated for a long time. The prospect of the known expense of a worthwhile study and the insufficiency of the Finance Commission's appropriation, however, made the Commission hesitate.

When the city authorities were notified by the State in 1939 that they must collect from Boston taxpayers a sum greater by almost 50 per cent than was required by any previous assessment on the Boston Elevated Railway Company deficit account, demand for an investigation of "El" affairs became more vehement.

Under authority of the public control act the State Public Utilities Department had already investigated the cost of operation of the company. Several other investigations, principally by legislators, had taken place. The members of the Finance Commission were cognizant of all of them. In none of the reports emanating from these investigations, however, was there warning that a deficit must be expected as long as public control lasts, nor that the amount of the deficit would exceed \$3,000,000 per year. More than \$15,000,000 of taxpayers' money has been turned over to the Boston Elevated Railway Company in the last decade with little hope of return.

With these facts in mind, the Finance Commission finally decided that it would undertake a study of the Boston Elevated Railway Company and that it would ask the Mayor to join in sponsoring and in sharing the expense, which he agreed to do.

It is the hope of the Finance Commission that this study will reveal some means to relieve the taxpayers of a heavy annual burden which many of them consider unwarranted. If, however, the study produces only the conviction that an annual deficit must be expected and that the public trustees are powerless to avoid it, the air will be cleared of present suspicions. More intelligent consideration can then be given to the annual grist of proposed legislation affecting the Boston Elevated Railway Company.

The Finance Commission has employed Timothy F. Callahan as chief counsel to make the preliminary study. With a group of attorneys and a public accountant experienced in utility management, Mr. Callahan has been at work since August, 1939. The Mayor and the Finance Commission and counsel have been assured by the public trustees of the company's cooperation. Counsel and his assistants are now engaged in an examination of the books and accounts of the company and the records of the public trustees.

All expense of the study to date has been provided by the Finance Commission out of its regular appropriation. The Mayor has informed the Commission that the city government will add appropriation as needed.

It is expected that there will be definite results from this study within the present year.

2. ATLANTIC AVENUE ELEVATED STRUCTURE.

The Finance Commission, like many taxpayers and public officials, became alarmed at the introduction under city auspices of bills into the Legislature by which, if enacted into law, authority would be given to pay a large sum of money for the acquisition of the

abandoned Atlantic avenue elevated structure. The Commission learned that in pending negotiations on the matter the representatives of the stockholders of the Boston Elevated Railway Company were insisting upon payment, if possession of the structure were taken away from the company. The Commission believed and stated publicly that the stockholders' demand for substantial payment for the structure or for its retention, in order to preserve connection between the so-called north and south systems of the Boston Elevated Railway Company, was unwarranted morally and legally unenforceable.

The reports of the Finance Commission provoked controversy when the Commission contended that the Legislature under its police power could order the structure removed without cost to the City. Eventually the attorney-general, to whom the question was referred, decided that the Legislature could order removal of the structure, but should provide opportunity for a judicial review of the situation before actual demolition could take place, if the stockholders of the Boston Elevated Railway Company petitioned for it.

The Finance Commission has not changed its expressed opinions in this situation which are now a matter of public record. The Commission regrets that a method was adopted to prove the Legislature's right to order the structure removed which will keep the case in court in Massachusetts and probably before the Supreme Court in Washington for many years.

In this connection the Finance Commission desires to repeat the conviction expressed in its annual report a year ago that the elimination of the Atlantic avenue structure from the present highway will be a greater benefit to Boston property than transmutation of it into an elevated highway. Only time will tell whether or not anything more than the good roadway which Atlantic avenue can become by elimination of the elevated structure will ever be needed.

3. RECENT PAVING WORK.

(a.) *Public Works Department Paving.*

During the past two years the City of Boston has continued to make substantial progress in the resurfacing of streets. A total of 211 streets was paved in 1939, the area laid being 696,832 square yards. Adding to this figure 635,808 square yards laid in 1938, under the direction of the present administration, making a total of 1,332,640 in two years, it amounts to approximately 10 per cent of the street area of the City of Boston.

This is the largest amount of such work performed in any two-year period in recent history. It has gone a long way toward making up for the forced neglect of street work in the earlier years of the depression.

The cost of this work to the City in 1939 was approximately \$550,000. This is not, of course, the total cost of the work, but merely the amount of the City's contribution toward the cost. The balance was supplied by the Federal Government from its W. P. A. appropriation.

Representatives of the Finance Commission have cooperated actively with the Commissioner of Public Works and the Paving Division Engineer in developing means and methods for the proper performance of this vast amount of work. After some little controversy in the beginning, report of which has already been made, the work progressed harmoniously with Finance Commission inspection supplementing regular Public Works Department supervision. As a result, methods were substantially improved and the cost per yard was reduced. The saving to the City as a result of this cooperation amounts to a figure of no mean proportion.

Three types of pavement were used during the year, bituminous macadam and cement concrete, used mostly on suburban streets, and bituminous concrete, known as Type I, used generally on the main thoroughfares. The work of laying the bituminous macadam and the

cement concrete surfacing was performed by W. P. A. labor with the Federal Government furnishing the greater part of the material. Bituminous concrete, or Type I, was laid by the City under contracts requiring the contractor to furnish labor (except for rough spreading), material, equipment and supervision. Rough spreading of Type I was done by W. P. A. labor.

The Finance Commission believes the pavement obtained by the use of Type I bituminous mixture has been very satisfactory.

The Commission's first 1939 contribution to the paving situation was the charge that the City was purchasing thousands of tons of bituminous mixture without adequate inspection and analysis of material. The Commission alleged that, as a result, control of both the quality and the quantity of paving material had passed completely to the contractor. After a number of conferences with the Mayor and Public Works officials, at which the flaws in the prevailing practices were disclosed, the situation was cleared up to the satisfaction of the Finance Commission.

Next, the Commission placed before the Mayor evidence from which it was obvious that the small number of local contractors who owned mixing plants in the metropolitan area had taken over control of the price for laying bituminous mixtures. In a period of a few months, the cost to the City of Boston for such pavement laid had increased approximately 50 per cent under circumstances which indicated conspiracy or collusion among contractors. City officials admitted their suspicions of price fixing by contractors, but claimed inability to combat it.

The Finance Commission's exposure came at a time when, emboldened by the success of their efforts to raise prices in 1938, the contractors were about to force another substantial advance for the 1939 work. The lowest bid received for the first 1939 contract was \$6.66 per ton. The highest price paid in 1938 was \$6.25 per ton.

As a result of the Commission's investigation, the first 1939 bids were rejected. Arrangements were made by the Commission and the Public Works Department in cooperation to plan the work more efficiently, to award the contracts by districts for long periods, instead of by streets as needed, and to make more careful analysis of quality than had previously been the practice. The new methods forced the contractor into open competition with the result that the price of pavement was materially reduced. Whereas a low bid of \$6.66 had been rejected, awards by districts under the new conditions were made at prices varying from \$5 to \$5.77 per ton. On the latter basis the City obtained a saving of \$14,881 in the purchase and laying of 11,000 tons of this material.

In its observation of the paving work as it was being performed, the Finance Commission found that in many instances the character of the inspection was unsatisfactory. Many jobs were carried on when no city inspector was on the work. Supervision was left to the W. P. A. foremen and supervisors. Some of these men had had experience in this type of work. Others had not. The immediate consequence was that the subgrading was poorly done.

Poor and uneven subgrading affects the eventual cost because under such conditions either a larger quantity of surfacing material is required to fill the roadway to proper grade, or else the surfacing material must be spread too thin. Most of the instances observed by the Commission were cases where the subgrading failed to reach the proper grade. On W. P. A. projects it is the surfacing part of the job which the City pays for, and usually it is the most expensive part.

As an indication of how the eventual cost is affected by improper subgrading, the experience of the City on one job is offered. A resurfacing job in Adams square was divided into two parts. The work on the south side of the square was *not* adequately inspected. It

required one ton of surfacing material to cover 5.79 square yards. The work on the north side of the square *was* adequately inspected. One ton of material covered 7.84 square yards. Translated into dollars and cents, the surfacing on the south side cost \$0.904 per square yard, while the same type of pavement on the north side cost \$0.668 per square yard.

The Commission offers the following table of costs of laying Type I pavement on several streets to show variation in prices and the necessity for more careful supervision of work.

| LOCATION. | Square Yards Laid. | Tonnage Used. | Square Yards Per Ton. | Cost Per Ton. | Cost Per Square Yard. |
|-------------------------------|-----------------------|---------------|--------------------------|------------------|--------------------------|
| Beach street..... | 6,663 | 1,076.00 | 6.19 | \$5 24 | \$0 846 |
| Hanover street..... | 2,548 | 475.00 | 5.36 | 5 24 | 0 976 |
| Adams square, north side..... | 1,037 | 132.25 | 7.84 | 5 24 | 0 668 |
| Adams square, south side..... | 1,266 | 218.65 | 5.79 | 5 24 | 0 904 |
| Greenleaf street..... | 1,756 | 247.45 | 7.09 | 5 24 | 0 739 |
| St. Germain street..... | 2,141 | 342.00 | 6.26 | 5 24 | 0 837 |
| Savin Hill avenue..... | 1,480 | 189.85 | 7.79 | 5 63 | 0 722 |
| Francis street..... | 7,428 | 1,074.22 | 6.91 | 5 33 | 0 771 |
| Tremont street..... | 6,724 | 1,093.22 | 6.15 | 5 33 | 0 866 |

It may be seen in the foregoing statistics that there is a substantial variation in the yardage obtained per dollar expended. This is accounted for by two factors:

1. The degree of accuracy of the grades of the foundation laid by W. P. A. labor.
2. The variation in price of the material due to the district lines.

When the large area of street surfacing repaved during the year is taken into consideration, it may be seen that improper subgrading will result in a very substantial excessive cost.

The lack of experienced inspection is due to the large number of projects being carried on at one time.

The gradual reduction in the number of inspectors, which has taken place within the last few years through the policy of not filling vacancies, has made it impossible to supervise properly all the work going on at one time.

(b.) *Park Department Paving.*

The Park Department has a substantial street area under its jurisdiction. Large sums of money are spent annually in the surfacing of park roads. The same firms which contract with the Public Works Department for paving frequently serve the Park Department.

When the Finance Commission exposed the practices of the contractors for the Public Works Department, it had a salutary effect on prices charged in the Park Department. After the issuance of the Finance Commission's reports, the price in the Park Department was reduced in competition to \$4.13 per ton. The work performed at the latter figure was of a high order and gave entire satisfaction.

This low price is in striking contrast to the prices previously obtained by the Public Works Department in open competition. The Public Works Department prices ranged from \$5 to \$5.77 per ton or from \$0.668 per square yard to \$0.976 per square yard in nine separate jobs. The price to the Park Department was \$4.13 per ton or \$0.645 per square yard.

The following statistics relating to the one contract let by the Park Department after *bona fide* competition had been obtained are interesting:

| | Square Yards Laid. | Tonnage Required. | Square Yards Per Ton. | Cost Per Ton. | Cost Per Square Yard. |
|--|-----------------------|----------------------|--------------------------|------------------|--------------------------|
| Columbia road (Preble street to Columbia Circle)..... | 22,867 | 3,568.45 | 6.40 | \$4 13 | \$0 645 |

The area paved under this one contract was larger than the area required to be paved in any one Public

Works Department contract, which accounts to some extent for the difference in price. This illustrates the advantage of including the amount of work to be performed in the fewest number of contracts.

(c.) *Pre-Mix Concrete.*

The Finance Commission also undertook a study of the situation relating to the supply of pre-mix concrete to the City. It was found that in 1938 the custom was to issue separate orders for quantities as determined by the necessities of each job. Prices received were believed to be higher than justifiable, and the Public Works Department tried to find a way to obtain a reduction. As a means toward that end, for a period of approximately sixty days orders were given to a selected firm at an agreed price.

The Finance Commission joined with Public Works officials in seeking a method of supply at a more satisfactory price.

Profiting by the experience with bituminous mixture contractors, the Public Works Department eventually adopted the method of estimating the total quantity which could be used advantageously in a period of months and asked for bids on that basis. The prices thus obtained ranged from \$0.98 to \$1.85 per cubic yard less than was paid under the 1938 contract.

In concluding this summary of the Commission's activities in paving work performed, the Commission desires to compliment the Public Works Commissioner and the division engineer in charge of paving and the chairman of the Park Board and his chief engineer for their sincere efforts to cooperate with the Finance Commission and for their zeal in improvement of conditions.

4. WATER DIVISION WORK.

The Finance Commission devoted considerable time in the past year to observing the work of the Water Division of the Public Works Department.

The regular work of the Distribution Branch, consisting of installing new services and fire pipes, repairing leaks, caring for complaints, turning water on and off, freeing of stoppages in service pipes, etc., was performed in a manner which caused a minimum of delay and inconvenience to the general public.

A large increase in the amount of work required was occasioned by the resurfacing of many streets with the resultant resetting of hydrants, gate boxes and shut-off frames and covers, and the installation of new services by W. P. A. forces. The department machine shop and plumbing shop handled all the drilling and connecting of the new services, in addition to their regular work, such as the assembling and machining of gates, valves and hydrants. The Commission has the following observations to make on one important feature of the work.

Vacancies in "the repair gangs" of the Water Division having remained unfilled, the personnel has been so reduced that it has been necessary to engage the services of contractors to assist the department at various times in the repair of leaks and the laying and relaying of service pipes.

The present practice in this respect is to issue an order as occasion arises to one of six contractors selected by the Public Works Commissioner to "excavate to assist the department forces to make service pipe repairs or repairs to any other waterworks fixture," payments not to exceed \$400. For this purpose the City is divided into four districts. When water leaks are reported and no city force is available for their repair, work slips are issued to the selected contractor who bills for the work actually performed.

The amount involved on the orders issued during 1939 ranged from \$2,600 to \$6,800 per month. The total amount involved for the first eleven months of 1939 was approximately \$42,000.

The Finance Commission believes that the issuance of these orders in the amount of \$400 each for the same

type of work is in violation of the City Charter, because the department head has knowledge that the payments during each month will greatly exceed \$1,000 and in one year will amount to many thousand dollars. The charter requires advertised invitation for proposals when the cost is estimated to amount to or exceed \$1,000.

If the Public Works Commissioner adopted the practice of advertising for proposals on a unit price basis and awarded contracts to the lowest responsible bidder, it is likely that lower prices per unit would be obtained. At any rate such a method would be in conformity with the requirements of the City Charter.

During the year a total of 21,000 linear feet of pipe in sizes varying from 6 inches to 48 inches was either laid or relaid. The W. P. A. laid 17,500 feet, and the work of laying the remainder was divided between the department forces and private contractors.

The work of laying the 42-inch high-pressure service pipe in Huntington avenue, which had been started in 1938, was finished in 1939 by the laying of approximately 2,200 feet of this pipe.

Work was commenced during the year on the replacement of antiquated 30-inch and 36-inch pipe with a 48-inch steel pipe in Huntington avenue and Tremont street from the Brookline line to Castle square. This work is being performed by W. P. A. labor, all of the pipe being furnished by the Federal Government. 5,757 feet had been laid in Huntington avenue, Tremont and Parker streets up to December 1, 1939.

In the performance of the work on the first section the excavation and back-filling was done by W. P. A. labor. The Federal Government furnished the pipe. The labor of laying the pipe together with the welding, riveting and supervision was performed under a contract with the Baker Company at a price of \$2.65 per foot, awarded after advertising.

When the second section of the work was ready for laying of the pipe, proposals were advertised on the

same terms and the prices submitted were considerably higher than those previously paid. The lowest bidder was the Baker Company at a price of \$4.90 per foot. Subsequently, this bid was rejected and proposals were solicited requiring only the furnishing of *supervision of the laying* together with the welding and riveting of the pipe, the other labor to be performed by the W. P. A. force. As a result of this change, the lowest price bid was \$2.10 per foot. The contract was awarded on this basis.

5. SEWER DIVISION WORK.

The Finance Commission has also investigated the work performed by the Sewer Service, a division of the Public Works Department.

This division has charge of the operation, maintenance and repair of 30.9 miles of intercepting sewer, 1,187 miles of common sewer, approximately 22,000 catch-basins; also one main pumping station and two automatic pumping stations which pumped approximately 35 billion gallons of sewage during 1939.

During the year the department built 6.94 miles of new sewer and surface drain, 213 catch-basins, 415 manholes, and rebuilt 66 catch-basins. With the exception of three jobs, which were awarded to private contractors and paid for entirely from City funds, this work was performed under a W. P. A. project, whereby the Federal Government furnished the labor and some material, and the City provided some material and the equipment.

Due to the large street area resurfaced by the Paving Division, the labor force of this department was required to perform considerable work in readjusting the grades of many manholes in the resurfaced area.

The department awarded two contracts for the cleaning of catch-basins, this work having been neglected for economy purposes during the past few years. With three catch-basin cleaning machines owned by the City, the department forces cleaned approximately 5,000 catch-basins in 1939.

A new overflow was constructed at Central Wharf to replace an old wooden structure, which had given considerable trouble and finally collapsed. The new overflow consists of a 6-foot by 6-foot concrete structure constructed for a distance of 650 feet at a total cost of approximately \$43,321. This job was done as a P. W. A. project; the Federal Government contributed 45 per cent of the cost and the City supplied the remainder.

The expenditure by the department in 1939 to December 1 was \$483,890.73 charged to the regular maintenance appropriation; \$344,916.44 charged to the Sewerage Works Loan, and \$26,705.10 charged against a P. W. A. appropriation.

6. BRIDGE DIVISION WORK.

Many of the bridges spanning the waterways and railroads within the City are in serious structural condition because of the limited amount of repair of them during the past few years. The time has arrived when major repairs must be made on many of the bridges or else their use must be restricted to lighter loads.

Besides its regular operation and maintenance work during the past year, the Bridge Division rebuilt the Albany Street Bridge and the Berkeley Street Bridge, both between the Back Bay and the South Station, and made extensive repairs to the Boylston Street Bridge. These jobs were performed under contracts awarded after advertising and as P. W. A. projects in which the City contributed 55 per cent and the Federal Government 45 per cent of the cost. The City's cash contribution amounted to \$123,150.66. This does not include any charges for engineering service or supervision by city employees.

A plan is in process of development which contemplates the expenditure of W. P. A. funds on a five-year bridge renovation program involving a cost of possibly \$6,000,000. Included in the preliminary study were such proposals as the construction of an overpass for pedestrians at Old Colony avenue for the accommodation of the residents of Old Harbor Village; a new

footway under the Boston & Albany Railroad at Parsons street, Brighton, to eliminate a hazardous condition at that location; and a plan to relieve the traffic congestion at the Boston end of the Longfellow Bridge, resulting from the location of the Charles Street station of the Boston Elevated system at that point.

While the Bridge Service with P. W. A. assistance was engaged as above described, the Maritime Association of the Chamber of Commerce sponsored an effort to compel Boston to replace the old Meridian Street Bridge, which connects the western end of East Boston with Chelsea. This effort was brought to the knowledge of the Mayor by the receipt of an order to show cause at a hearing to be held by the local engineering representatives of the War Department why the City should not be compelled to provide at the location of the Meridian Street Bridge a horizontal clearance of 175 feet for vessels entering Chelsea Creek.

The manager of the Maritime Association of the Chamber of Commerce presented the proponents' side of the case at the engineers' hearing through numerous speakers representing the business interests which make use of the Chelsea Creek.

It was estimated by Public Works Department officials in opposition that the type of bridge necessary to meet this requirement would cost approximately \$3,000,000. Furthermore, it was pointed out that Federal expenditure for relocating the channel would be a necessary complement and that several hundred thousand dollars recently spent to deepen the present channel would be wasted. The Commission also expressed the fear that replacement of a new city bridge recently completed at a cost of \$600,000 and of a railroad trestle owned by the Boston & Albany Railroad might later be required, if full advantage were to be derived from the expenditure proposed in the Meridian Street Bridge situation.

The Finance Commission objected to the plan in reports to the Mayor and to the local Federal engineers. Copies of the reports were sent to the Secretary of War.

The Commission also interested numerous other organizations and individuals to join in opposition. Since the hearing was held in September, no official public announcement has been made in regard to the proposal. The Finance Commission, however, has brought to public attention that the Public Works Department had produced a plan by which the condition of the Meridian Street Bridge and the facilities of navigation at that point could be improved at considerably less expense to the City than would be necessary if the Maritime Association's original proposal were carried out.

The Finance Commission believes that those interested in preventing unwarranted outlay of municipal funds must continue to be watchful of developments in this situation. The Secretary of War has informed the Commission directly and through Massachusetts congressional representatives in Washington that he will give respectful attention to the point of view of all local interests before positive action by the War Department is decided upon.

7. THE HIRE OF EQUIPMENT.

In recent years the City has spent a substantial sum for the hire of equipment such as trucks, steam rollers, steam shovels, compressors, electric welders, used in construction of public works, buildings, parks, etc. This equipment has been used in large part in connection with W. P. A. projects.

Two years ago the Finance Commission pointed out that the amount paid for the hire of compressors and welders in one department in a period of 15 months was equal to a sum which would buy outright three times the amount of the equipment hired. It has been the contention of the Finance Commission that considerable saving could be made by a proper supervision of hired equipment, and by cooperation among the city departments owning equipment whereby one department might borrow from another.

With this idea in mind the Commission spent considerable time during the past year observing the actual use of hired equipment. It was found that in many cases hired equipment was used for but a fraction of the time for which it was paid. In some such instances the fault lay in great measure with the lack of proper planning of the work.

In street work, for instance, a steam roller with scarifyer attached can rip up enough old pavement within two hours to keep a crew of W. P. A. shovelers busy filling trucks for a whole day. If work was planned so that several streets in one neighborhood could be paved at one time, the hired equipment might alternate between several jobs.

The rates of compensation for the hire of equipment are not exorbitant. On the contrary, the rates paid in some instances are so low that there has been criticism on that account. The $1\frac{1}{2}$ -ton truck is hired for \$1 per hour. This includes the pay of the driver and the furnishing of gas and oil. The price for rental of a roller is \$3 per hour. This includes the pay of the operator and the furnishing of gas and oil.

These rates were fixed by the City itself. There is an over-supply of owners of equipment who are ready to give service at these prices. That being the case, it can be assumed that the rates are fair.

However, if there is any justice to the claim that the rates paid are less than proper, the amount saved by the low rate is often counterbalanced by the generosity of the City in allowance for rental time; and whether or not the rate is fair, too liberal allowance for rental time is unwarranted.

The city officials, particularly in the Public Works and Park Departments, have installed systems for the control of the hire of equipment which are adequate for the purpose, if the employees in charge of construction work follow instructions. Nevertheless, the Commission found on numerous occasions that equipment was standing idly by on paid time and the prospect of

the next use was many hours away. After some such instances were called to the attention of the Public Works Commissioner, an employee was assigned to the task of making constant check on the use of hired equipment, with beneficial results.

In order that the abuse may be completely eradicated, it will be necessary for the higher executives of the City to support more vigorously those minor officials to whom is assigned the authority to drop equipment from the pay roll as the use of it is completed. On many occasions such minor officials fear the consequences of too great strictness in this regard, believing that the owner of the equipment may have substantial influence.

The Commission does not desire to give the impression that the higher executives of the City are at any time willing to pay for the rental of equipment longer than is actually necessary. On the contrary, the Mayor and the Public Works officials and the chairman of the Park Board have cooperated fully with the agents of the Finance Commission in efforts to reduce the amount spent for hired equipment. Nevertheless, it will make it easier for those whose duty it is to release equipment when there is no immediate use for it, if it is made plain to contractors and city employees alike that no influence will retain equipment longer than is necessary. The City's cost may be thereby reduced.

8. NECESSITY FOR PERPETUAL INVENTORY.

The Finance Commission has tried—although apparently without success to date—to convince municipal officials generally of the necessity for a perpetual inventory of city property and supplies. The Commission made a report on this subject to the Mayor in the early part of 1939, but it has not produced any substantial result.

The Finance Commission is convinced that no system for the control of the purchase, delivery and proper use

of city property and supplies can be considered complete or adequate without a perpetual inventory. It is timely to state that if there had been a perpetual inventory of the property and supplies at the Charles Street Jail, the need for which was revealed by the Commission in 1933, much of the scandal relating to the purchase and use of property or supplies at the Jail in the past year would have been averted.

Department heads, in most instances, come and go with an administration. A new department head rarely has any idea of what property or supplies should be or are on hand when he takes over control, and there is no record in his department on which he can rely to give him complete information. Yet the responsibility for requisition for new property or supplies rests upon him.

In some instances conscientious executives have set up individual inventories. Within the past two years the City Auditor has directed a W. P. A. project which inventoried and labeled certain city property, principally equipment or furnishings. But neither the individual systems nor the auditor's inventory contain anything which will disclose on investigation that proper use has been made of all the property or supplies purchased over any given period.

The Finance Commission has argued that a perpetual inventory is indispensable to a department head; that it will supply the Budget Commissioner with a reliable basis for checking requests for appropriation; and, finally, that it will provide the City Auditor with a proper means of checking orders for purchase. It is almost unnecessary to argue that if records be kept, which can be inspected and verified at any time, showing the use of property and supplies, replacement in many instances will not be necessary as frequently as otherwise. Everybody at all familiar with the internal routine of corporations which employ thousands of individuals and which annually buy thousands of items of supplies, knows that this constant check is essential.

9. FEDERAL HOUSING.

The first Federal Housing project in Boston, completed and occupied, is now nearly two years old. Four other Federal Housing projects are under development. Several others have been promised. It has been estimated that the total expenditure in Boston for Federal Housing will reach \$50,000,000. What is to be the ultimate effect of this vast expenditure on privately owned housing properties, and on the City's financial problems, is a matter of individual opinion, but is the subject of much discussion.

Better housing at public expense for persons of the lower income bracket was advocated for many years prior to the economic catastrophe of 1929-30. In those earlier days there was also much public discussion of "slum clearance" work.

Public agencies here and there bought up areas which contained housing accommodations of a very low character and demolished the existing buildings. Public agencies, however, rarely — if ever — built new dwellings upon these areas, or on other sites to make up for the demolition. It was usually left to private agencies to supply the homes for those dispossessed by "slum clearance."

Public agencies turned the cleared slums into public ways, parks, or playgrounds and sometimes built public buildings upon them. In Boston, for instance, after the first "slum clearance" (planned by the City Planning Board) a new playground was built upon the site. Another "slum clearance" resulted in the Prado, off Hanover street, paid for by the funds of the George Robert White Trust.

Federal Housing began as a means of relieving the general unemployment that came with the business depression of the 30's. In the early days of this spending Federal Housing projects did not actually involve "slum clearance." A primary purpose was to give

employment — employment to workers engaged in production and supply of materials; to artisans of all kinds in the constructive use of materials; and, by restoring the unemployed to earning levels, and thereby providing them with money to spend, to those in many other lines of business which had also suffered.

Federal Housing is one thing. "Slum clearance" is another, and the one does not always include the other. The one provides dwellings where people of small income can live in modern, clean comfort. The other wipes out dwellings deemed not fit for habitation.

Sometimes "slum clearance" and Federal Housing have gone hand in hand, but not always. The first Federal Housing project in Boston, the Old Harbor development, did not include any "slum clearance." The Federal Government bought up an area used largely for dump purposes and built dwellings upon that. The possibility of the investment of private funds for dwelling houses in that area was very remote. The cost of development to private investors was prohibitive.

For the later Federal Housing projects, the government required replacement of dwelling property but chose sites containing dwellings which could not all be classified as "slums." There were many which approached unfitness for healthful living; but there were others, well kept and modernized, which prosperous tenants gave up unwillingly.

Naturally those fortunate enough to become tenants of Federal Housing have the advantage of modern comfort and clean, healthful living conditions at low rental cost; but it does not always follow that those dispossessed by "slum clearance" are among them.

The Finance Commission has been importuned by many taxpayers to investigate the Federal Housing projects. What have they cost the City — and — What are they going to cost the City — are the usual questions people want answered.

It is not within the province of the Commission to pass upon the merits of Federal Housing. Congress and the Massachusetts Legislature have already done that.

The Congress of the U. S. A. authorized Federal Housing and made funds available for it. The Massachusetts Legislature chartered the Boston Housing Authority as a separate corporation to carry out these projects for the Federal Government. As long as Federal spending on housing continues, the Federal Government provides its own audits and checks of the expenditure. Years ago the Finance Commission offered its cooperation in check-up of expenditure to Federal agencies, but nothing came of it.

Congress, however, requires municipal administrative cooperation for each project, and some municipal financing. The Massachusetts Legislature authorized the expenditure of municipal funds for them. This authorization and the acts of the City under it bring into play the powers of the Finance Commission in regard to Federal Housing. As a result, the Commission can inquire as to the necessity for, and the actual expenditure of, city funds for Federal Housing. Beyond all that the Commission has the right to look forward and to try to ascertain what is to be the effect of Federal Housing on Boston finances. Owners of private property, from whom the municipal taxes are collected, want to know what the future has in store for them as the result of Federal Housing.

Because the one project completed is but a fraction of the whole program, it is impossible at the present time to do more than guess the ultimate effect. The Commission is unwilling to base an opinion on guesswork.

The Commission can, however, give figures relating to municipal outlay to date.

(a.) *Old Harbor Improvement.*

The property taken for this project was valued for assessment purposes in 1935 at \$327,300. Had this

property remained at that value in the years subsequent to 1935 and in private ownership, the amount of taxes payable in each year would have been:

| | | | | | | | | |
|------|---|---|---|---|---|---|---|--------------------|
| 1936 | . | . | . | . | . | . | . | \$12,437 40 |
| 1937 | . | . | . | . | . | . | . | 12,666 51 |
| 1938 | . | . | . | . | . | . | . | 13,517 49 |
| 1939 | . | . | . | . | . | . | . | 13,059 27 |
| | | | | | | | | <u>\$51,680 67</u> |

The City received nothing in taxes from this area for 1936 and 1937. For 1938 the City received \$10,000 as the result of an agreement by the Housing Authority to pay \$15,000 per year in lieu of taxes. The Old Harbor project was occupied first on May 1, 1938, and \$10,000 was deemed to be the share payable in 1938 by the terms of the agreement. For 1939, the Housing Authority paid \$15,000.

In lieu of taxes, therefore, to date the City has received \$25,000 from the Old Harbor Development.

The City has spent \$95,064.54 for the installation of public services in connection with this development. This service included sewers and water.

The \$15,000 annual payment is not intended to be a return of the cash spent by the City in installation of public services, but merely to cover annual charges for maintenance. When the City constructs an accepted street, or installs service in an accepted street, the law permits the City to charge the whole cost with certain exceptions against the abutters as betterment assessments. It is Boston practice never to assess more than 50 per cent of the cost, and in many instances charges of even that amount are abated in whole or in part.

Since the beginning of the Old Harbor Village project, the City of Boston has paid a total of \$33,388.47 for administrative expenses of the Boston Housing Authority on bills which are on hand in the City Auditing Department. In addition, the City has transferred \$25,111.53 directly to the Housing Authority for administrative

expenses. This makes a total of \$58,500 of City funds already credited to Housing Authority administrative expenses.

(b.) *New Housing Projects.*

Four other housing projects are now in process of development. There is a second one in South Boston, one in Charlestown, one in Roxbury, and one in the South End.

The property taken for the four projects now being developed has ceased to contribute taxes to the City. The valuation of these in the last year of their assessment by the City was:

| | |
|---------------------------------------|-------------|
| Second South Boston project | \$905,400 |
| Charlestown project | 1,110,700 |
| Roxbury project | 1,096,100 |
| South End project | 353,700 |
| | <hr/> |
| | \$3,465,900 |
| | <hr/> |

The amount of taxes payable on these properties in 1939 was \$138,289.41. Substantially all these taxes have been received by the City.

The agreement between the City and the Housing Authority provides that the City will receive $4\frac{3}{4}$ per cent of all shelter rentals collected from the completed projects in lieu of taxes. What this will amount to in dollars and cents is not yet ascertainable.

There have been some reactions to the development to date which have caused uneasiness. As a means of furnishing employment, public housing has been successful; it has already made progress in "slum clearance" also; but some of the tenants who were dispossessed by governmental seizure of their properties have had difficulty in finding new homes at satisfactory rentals.

Another angle to the general situation is that some owners of property which bring modest rentals are fearful that they will be tenantless when all these housing developments are completed. Some fear that housing development at public expense will discourage

private investors from future building of low rent homes. In that event the spread of future taxes will be over a lesser volume of improved property with a consequent increase in rate of taxation.

If the trend toward Federal Housing is to continue and more taxable property is to pass from private hands into those of the Housing Authority, the facts enumerated above give indication of the size of the contribution which the City must make for public housing.

The task of arranging for and supervising the immense amount of detail involved in the housing projects is the duty of an unpaid board or commission. Skillfully and intelligently to carry on the simultaneous development of these large projects requires ability and experience, and should demand the full time of the executive in charge. The Finance Commission queries whether it is unreasonable to expect this combination from an unpaid official.

The present chairman of the Boston Housing Authority holds another city position, that of Superintendent of Supplies. The latter position also requires great skill and experience if the duties of it are to be adequately performed. The city government has made its own appraisal of the importance of the job and of the skill and experience required when it established the salary of the occupant at \$7,000.

Obviously, one man can scarcely do justice to both positions. The Finance Commission has previously pointed out that the work involved in the purchase of city supplies needs experienced direction constantly. Such direction must be delegated to subordinates, if other duties take up the major portion of the time of the Superintendent of Supplies.

The Finance Commission believes that one man should not hold both positions. In fairness to whoever holds the position of chairman of the Boston Housing Authority, suitable compensation should be provided for him.

10. CITY HOSPITAL.

The Finance Commission continued in 1939 a close scrutiny of matters relating to the management of the City Hospital. One subject of major importance reported upon related to the proper and economical education of student nurses, and to the hours of employment and assignments of graduate nurses. Another was a follow-up of disclosures made in 1938 of unethical practices by members of the legal and medical professions in soliciting business from persons brought to the hospital for treatment as a result of accidents. The latter disclosures related to what is commonly described as "ambulance chasing."

(a.) The Nursing Situation.

In its study of hospital practices in respect to the education of student nurses, the Finance Commission found that great emphasis was being laid on the higher education of this part of the hospital personnel; and that because the amount of funds available for nurses was insufficient to provide such a degree of education and at the same time give appropriate bedside nursing, controversy had developed within the hospital's organization. On the one hand, the directors of the nursing school resented limitations placed on expenditure for student education. On the other, hospital executives and others complained of an insufficient number of working nurses in the wards.

The Commission sought advice and information on the question at issue from executives of several nationally known hospitals, nursing schools, and nurse organizations, and from public officers in several states having jurisdiction over the registration and regulation of nurses. The Commission concluded that apparently the aim of the directors of the nursing school at the hospital was to give a degree of education similar to that given by those university nursing schools which graduate nurse-executives; that this was beyond the

legal powers of the Boston City Hospital which was permitted only to furnish medical treatment and hospital care to the sick or injured; and that the nursing school was made a part of the hospital organization only as an economical means of obtaining satisfactory bedside nursing.

The Commission recommended that the hours of service of the student nurses be reduced, that the period of classroom assignment be shortened, that the student nurses begin earlier in their period of training to obtain ward experience in the actual care and nursing of patients, and that the requirements for admission to the nursing school be lightened so as to make it possible to obtain more applicants for the student courses, and thus reduce the quota of graduate nurses.

With respect to graduate nurses the Commission recommended a reduction in the number of hours of service to conform with standard practice in comparable hospitals.

The hospital trustees accepted the report with a statement that they were heartily in accord with the recommendations of the Finance Commission and with promise to make changes in such manner and at such time as would least interfere with the regular routine of the hospital.

To judge from the comment received from many informed sources, the changes recommended met with general approval.

A substantial increase in the appropriation for nurses which had been debated by members of the City Council and the hospital executives was deferred indefinitely. Since issuance of the Finance Commission report on this subject, the time required for lectures and reading for the student nurses during the training course has been reduced by approximately one hundred hours. As this reduction has been applied to the assignments of the students, it has accomplished little in providing more bedside nursing care.

Applicants for admission to the school of nursing still must meet the very high entrance requirements which were generally disapproved by informed opinion. The Finance Commission finds that the period of preliminary training is still six months, though the state requirement is considerably less. The practice of allowing the students, during this preliminary period, to devote only a minimum of time on the wards to bedside care is retained.

The student taking the Boston City Hospital course devotes the first four months of training almost entirely to lectures and required reading at the hospital, and to laboratory work at Boston University. The latter part of this education continues to cost the City of Boston about \$5,000 annually. Beginning with the fifth month the students spend 30 hours a week in the wards. In other comparable hospitals, the students go on the wards for 36 hours each week after only three months of preliminary training.

In September, 1939, the nursing school executives admitted 103 applicants to the school. At the present time only 76 of these remain. Practically all of the 27 who were forced to withdraw did so because of scholastic difficulties. Such substantial elimination affects the efficiency of the nursing service and handicaps the students eliminated. The record that one has been dropped from the Nursing School of the Boston City Hospital for scholastic reasons practically bars the student from re-entering any other worthwhile school. The high scholastic requirements also continue to be embarrassing to those attending the local school through affiliation.

The Finance Commission pointed out that by lowering the requirements of admission to the standard which the State approves, and which would permit adequate nursing, affiliation with other hospital schools would not be necessary to the same extent as formerly. Student nurses of the Boston school can supply the need in bedside care better than can affiliated nurses,

so-called. Affiliated nurses are available for limited assignment only. The complaint from affiliated hospitals has been that the affiliated nurses are not used exclusively for the purposes for which they are sent to the Boston City Hospital.

Because of dissatisfaction with the educational policy of the local school, affiliation was withdrawn by one important local hospital which annually sent twenty students for nine months' affiliation in male surgery, and by a hospital in another city which annually sent twenty students for experience and study in contagious diseases. The loss of these affiliations meant much to City Hospital nursing, particularly inasmuch as the deficiency was not made up by acceptance of more students in the local school. It forced acceptance of students in smaller groups from numerous other schools and worked to the disadvantage of the Boston school.

As a result of the failure to date to bring the Boston school to a level in nurse education which state supervisors consider adequate for the needs, it is likely that in the near future there will be more agitation for allowance for a greater number of graduate nurses. This can be avoided if the hospital trustees will insist on operation of the nursing school as the needs require.

(b.) *"Ambulance Chasing" at City Hospital.*

The Finance Commission made no new investigation of "ambulance chasing" in 1939, having exposed the practice in a report to the Mayor late in 1938. At the request of the City Council, however, the Commission made inquiry from time to time of progress, if any, in the efforts to stamp out "ambulance chasing."

It was the purpose of the Commission in making its original exposure not to establish the full extent of the practice with names, dates, etc., but to reveal enough to the hospital trustees to convince them of the existence of an unhealthy situation with full expectation that with their greater opportunity as managers of the

hospital they would inform themselves of the extent of the practice and take necessary measures to eradicate it.

The charges made public by the Finance Commission revealed that some lawyers, at least one member of the medical staff, and probably other employees of the City were involved in efforts to obtain for a small clique a preference in handling the affairs of victims of accidents brought to the hospital for treatment.

The Commission believes it important at this time to state what the trustees have done.

The Finance Commission report on the subject was given to the hospital trustees on December 1, 1938. On December 12, 1938, the hospital trustees sent a copy of the report to the chairman of the grievance committee of the Boston Bar Association and requested appropriate action.

The trustees also on December 12, 1938, voted new rules intended to prevent promiscuous visits to patients by persons having only a selfish interest in their affairs; they instructed members of the medical and surgical staffs and the nursing staff to report irregularities relating to hospital administration; they regulated transfer of patients from one doctor to another and from one ward to another.

In respect to the one doctor accused by the Finance Commission, the trustees decided that inasmuch as he had heeded a warning given him by the superintendent of the hospital to discontinue questionable practices some months before the issuance of the Finance Commission's report, no further action was necessary in his case. The trustees, therefore, did not send any portion of the Finance Commission's report to any medical body having disciplinary powers corresponding to those of the Bar Association.

The Bar Association proceeded in its customary manner. As a result, it has now entered in the Supreme Court a petition for disbarment against the lawyers accused by the Finance Commission and the papers have been impounded by order of the Court.

The Finance Commission believes that as the result of the public reaction to this situation and the steps taken by the hospital executives, as stated above, "ambulance chasing" has been stamped out. How long it will remain so depends upon the vigilance of the hospital authorities.

There is, however, a situation somewhat related to "ambulance chasing" which is worthy of attention. It has been reported to the hospital authorities that information has come to the Commission that some doctors on the staff at the hospital are regularly retained by particular insurance companies. In this situation, an official report of a hospital patient's injuries or sickness may be biased without the knowledge of the patient or those selected to advocate his interests, if it should happen that the hospital physician who makes the report is in the pay of the insurance company which has to defend against a claim for damages by the patient.

In the interest of the fair presentation of the facts relating to the injuries of those brought to the hospital for treatment, it would seem that the hospital trustees must establish the extent of these dual capacities of hospital physicians, and regulate their conduct as the ethics of the situation require.

11. THE SURVEY COMMITTEE.

Late in 1939 members of the City Council questioned the value to the City of the work performed by the Survey Committee. Some councilors attempted to abolish it by refusing further appropriation, the amount originally voted having been exhausted.

The Finance Commission has been in close touch with the work of the Committee since its inception in 1938. It has been the Commission's observation that the agents of the Committee have served a good purpose by attempting to locate spots in administration which needed improvement, and to obtain improvement; and particularly by investigating for the Mayor sug-

gestions for improvement, including those contained in official reports by the Finance Commission.

By custom and tradition the Mayor of Boston must, by virtue of his office, give substantially of his time and energy to many matters not directly relating to municipal administration. It is expected of him. Usually benefit to the City results therefrom.

At the same time the Mayor is faced daily with administrative problems which are numerous, complicated and time-consuming. He must attend to them promptly and adequately. He cannot fulfill his obligations by merely passing on to department heads all suggestions for changes in old practice or for new practice. Most department heads are dependent on subordinates for advice on matters within their jurisdiction. Subordinates frequently become so accustomed to the established method of procedure that they are not open-minded when suggestion is made by other agencies of a different method.

Any mayor should, therefore, have under his own control an agency which can examine situations, obtain data, weigh suggestions and initiate reforms which have been determined on and observe their subsequent operation. It was to supply this need that the bureau known as the Survey Committee was created. It has proven its usefulness in many ways.

It is a little early to do more than draw attention to an effort which the Survey Committee has made to modernize and tighten the accounting system of the City. At its suggestion, a group of accountants have voluntarily conducted examinations of the accounting systems in the various city departments and have made a report of their findings to the Mayor. These reports have shown that the accounting methods of the City in general have not kept up with the times, and have also shown considerable looseness in the method of accounting for income from city fees.

For the time being, the accountants who have been giving their services have returned to their own private affairs, but it is the expectation of the Survey Com-

mittee that after the tax returns and accounting which necessarily follow the close of the calendar year have been disposed of, they will have time to go further into the City's accounting problems.

The Finance Commission believes that a good beginning has been made, but that if the reforms suggested are to be actually put into effect, pressure will have to be exerted by the Mayor upon the department heads whose present methods have been subjected to criticism.

12. SCHOOL AFFAIRS.

The taxpayers can again take satisfaction from the results obtained in the administration of the affairs of the School Buildings Department. A very large amount of work necessary for the proper upkeep of the hundreds of buildings used for school purposes has been performed in a manner which has provoked no criticism and, considering the aggregate of it, at a cost eminently satisfactory to the municipal taxpayers.

The Legislature has for many years limited the amount which can be appropriated for alterations and repair of school buildings and for land and buildings for additional accommodations. Under this authorization, the department might have received by appropriation in 1939 \$1,335,395.67 for repairs and alterations; and \$785,526.85 for land and buildings.

However, there was appropriated \$744,253 for alterations and repair. Of this, \$692,640.85 was spent, leaving unexpended \$51,612.15.

There was appropriated \$76,753 for land and buildings for expansion. Of this, \$73,298.84 was spent, leaving unexpended \$3,457.16.

The number of mechanics engaged in school repair work varied from a total of 2,686 in one month to 1,073 in another. The funds for the payment of their salaries came from W. P. A.

It is worth while to give here a list of the items of work performed by W. P. A. forces during the year, because it indicates types of work ordinarily required for upkeep of property and ordinarily provided for

out of city appropriation. It suggests the thought that W. P. A. in this instance saved the City from the necessity of extracting a very large amount of money from the taxpayers.

Under W. P. A. projects the following work was performed:

123 buildings were painted.

34 school yards were graded and resurfaced. New retaining walls and fences were installed to a total of 55.

In five school buildings defective boilers were replaced and the heating and ventilating systems improved.

New sanitation systems were installed in three school buildings.

All of the roofs which were damaged by the hurricane were repaired and put in first-class condition.

In 63 buildings new maple flooring was supplied in classrooms and corridors.

Additional school accommodations were provided in two high schools by excavating large areas in the basement. This additional space will provide well-lighted shops.

22,000 window shades were manufactured and installed in school buildings throughout the City.

In addition to the help received from W. P. A., advantage was also taken of P. W. A. Additions to four schools were completed as P. W. A. projects. Of a total cost of \$606,570.54, the amount of cash furnished by the City was \$333,613.80.

In the purchase of materials and in the hire of equipment, both of which are provided in this department on its own initiative without recourse to the assistance of the Supply Department, the Commission has noted a continuation of the sound practices begun in 1938.

13. REPORT ON BUDGET PRACTICE.

Late in the year the Commission developed reports which expressed opinions as to changes in statute needed to correct defects in current budget practice. The Commission was invited to express its views on this subject to a special recess commission created by the 1939 Legislature. One report relating to budget

practice, etc., for the departments for which the Mayor must make up a budget was issued just before the close of 1939. The other which was concerned with the budget practices of the School Committee was issued shortly after the beginning of 1940. Because the reports are on related matters, it is deemed advisable to include both in the work of 1939.

The formal reports of the Commission in the year 1939 were as follows:

- Jan. 28, 1939. To the City Council. Report on charges made in regard to acceptance by the Council of a legislative act abolishing private taxi stands in the City of Boston.
- Feb. 1, 1939. To the Mayor. In regard to question of giving approval to an application for a permit for dog-racing at Readville Trotting Park.
- Feb. 2, 1939. To the Mayor. Second report in regard to approval of application for a permit for dog-racing at Readville Trotting Park.
- Feb. 21, 1939. To the Acting Mayor. In regard to conditions with respect to nurses at the City Hospital.
- March 8, 1939. To the Mayor. In regard to the need for a perpetual inventory of city supplies and equipment.
- March 21, 1939. To the Governor. Recommendation favoring the transfer of custody of Deer Island House of Correction from the County of Suffolk to the State Department of Correction.
- April 6, 1939. To the Mayor and City Council. Relative to the nursing situation at the City Hospital.
- April 17, 1939. To the Mayor. Relative to the nursing situation at the City Hospital.
- May 9, 1939. To the Governor. In relation to the report of the Commissioner of Correction regarding proposed transfer of custody of Deer Island House of Correction to the State.
- May 12, 1939. To the Mayor. Opposing expensive redecoration of the American Legion Highway in Dorchester.
- May 16, 1939. To the Mayor. In relation to plan for beautification of the American Legion Highway in Dorchester.
- May 26, 1939. To the Mayor. In relation to contracts for the repair, patching and renovation of streets.
- June 3, 1939. To the Mayor. Relating to an investigation of the Boston Elevated Railway Company and Atlantic avenue elevated structure.
- June 15, 1939. To the Mayor. In relation to contracts for the repair, patching and renovation of streets.
- June 16, 1939. To the Mayor. Second report in regard to the elevated structure on Atlantic avenue.

- June 26, 1939. To the City Auditor. Regarding a bill for work performed in the Summer Street Station of the Washington Street Tunnel for the Sewer Service.
- June 27, 1939. To the Mayor. Third report in regard to the elevated structure on Atlantic avenue.
- June 29, 1939. To the Mayor. Fourth report in regard to the Boston Elevated Railway situation.
- July 7, 1939. To the Mayor and City Council. Relative to the expenditures of the Court House Commission in the erection of the new court house building.
- July 14, 1939. To the Mayor. Submitting a statement in regard to proposed study of the Boston Elevated Railway situation.
- Sept. 1, 1939. To the Mayor. Opposition to plan to alter Meridian Street Bridge across Chelsea Creek between East Boston and Chelsea.
- Sept. 20, 1939. To Colonel A. K. B. Lyman, engineering representative of the War Department. In relation to the plan to change navigation conditions in Chelsea Creek.
- Sept. 21, 1939. To the Mayor and City Council. In regard to "ambulance chasing" at the City Hospital.
- Oct. 9, 1939. To the City Council. In relation to an alternative solution of navigation difficulties at the Meridian Street Bridge, East Boston, offered by the Public Works Department.
- Dec. 4, 1939. To the City Auditor. Regarding purchase of water coolers for the Court House.
- Dec. 20, 1939. To the Suffolk County Court House Custodians Department. Relative to the purchase of a safe for use in the office of the Clerk of Probate in Suffolk County.
- Dec. 27, 1939. To the Special Commission to Study Boston Budget and Appropriating Procedure. Submitting a brief relating to budget practices of the City of Boston.
- Jan. 17, 1940. To the Special Commission to Study Boston Budget and Appropriating Procedure. Submitting a brief relating to budget practices of the School Committee.

Respectfully submitted,

CHARLES M. STOREY, *Chairman,*
 JAMES E. MAGUIRE,
 DAVID LASKER,
 JAMES H. FLANAGAN,
 ELIAS F. SHAMON,
The Finance Commission.

ROBERT E. CUNNIFF,
Secretary.